

UNCLASSIFIED

21 Nov 84

NIO/ECON
INCOMING

FRP: . . 3.

25X1

84 5605363 SUR

PAGE 001
TOR: 021335Z NOV 84

NC 5605363

RR RUEAIIB
ZNR UUUUU ZOC STATE ZZH
UTS5212
RR RUEHC
DE RUEHBJ #0672/01 3071100
ZNR UUUUU ZZH
R 021056Z NOV 84
FM AMEMBASSY BEIJING
TO RUEHC/SECSTATE WASHDC 9892
INFO RUEHDC/USDOC WASHDC
RUMTBK/AMEMBASSY BANGKOK 5620
RUEHJA/AMEMBASSY JAKARTA 1950
RUEHKL/AMEMBASSY KUALA LUMPUR 2120
RUEHML/AMEMBASSY MANILA 6178
RUEHMO/AMEMBASSY MOSCOW 6752
RUEHUL/AMEMBASSY SEOUL 4503
RUEHGP/AMEMBASSY SINGAPORE 4216
RUEHKO/AMEMBASSY TOKYO 6561
RUMJNG/AMCONSUL HONG KONG 9512
RUEHIN/AIT TAIPEI
RUHQHQA/CINCPAC HONOLULU HI
RUFHNA/USMISSION USNATO 1515
ZEN/AMCONSUL GUANGZHOU POUCH
ZEN/AMCONSUL SHANGHAI POUCH
ZEN/AMCONSUL SHENYANG POUCH
BT
UNCLAS BEIJING 20672

E.O. 12356: N/A
TAGS: EGEN, CH
SUBJECT: CHINA ECONOMIC BRIEFS (NO. 1)

1. THIS IS THE FIRST IN A SERIES OF REGULAR CABLES PROVIDING BRIEF ACCOUNTS OF SIGNIFICANT ECONOMIC DEVELOPMENTS IN CHINA, DESIGNED TO SUPPLEMENT OUR REGULAR ANALYTIC REPORTING. WE HOPE THESE HANDY PERIODIC REPORTS, PREPARED CHIEFLY FROM THE PRESS, WILL CALL OUR READERS' ATTENTION TO EVENTS WHICH OTHERWISE MIGHT ESCAPE NOTICE IN THE FLURRY OF ECONOMIC ACTIVITY NOW OCCURRING IN CHINA.

2. ZHAO: PRICE REFORM KEY TO ECONOMIC REFORM.

PREMIER ZHAO ZIYANG, IN A MEETING WITH JAPANESE FORMER PRIME MINISTER SUZUKI ON OCT. 24, SAID THAT THE KEY TO THE SUCCESS OF RESTRUCTURING THE ECONOMY LAY IN REFORMING THE PRICE SYSTEM. PRICE REFORM IS A STRUCTURAL READJUSTMENT WHICH MUST BE CARRIED OUT IN A STEP-BY-STEP AND CONTROLLED WAY. ZHAO SAID THAT THE RESTRUCTURING OF THE NATIONAL ECONOMY WOULD FOCUS ON REFORM IN THE CITIES, BUT IT WOULD NOT BE LIMITED TO URBAN AREAS. EXPERIENCES DRAWN FROM RURAL REFORMS WOULD BE APPLIED BUT NOT COPIED. IN THEORY AND PRACTICE, TWO CONCEPTS HAD BEEN MADE CLEAR. FIRST, A SOCIALIST PLANNED ECONOMY AND A COMMODITY ECONOMY WERE NOT CONTRADICTIONARY AND A COMMODITY ECONOMY SHOULD BE DEVELOPED IN A SOCIALIST COUNTRY. SECOND,

UNCLASSIFIED

UNCLASSIFIED

84 5605363 SUR

PAGE 002
TOR: 021335Z NOV 84

NC 5605363

ECONOMIC DIRECTIVES SHOULD BE CONSISTENT WITH PRICES. ECONOMIC PLANS SHOULD BE OF TWO KINDS: MANDATORY AND GUIDANCE. (RENMIN RIBAO, OCT. 24)

3. DENG: PROMOTION OF TALENT AND OPENING TO THE OUTSIDE WORLD ESSENTIAL FOR ECONOMIC REFORM.

DENG XIAOPING, IN A SPEECH TO THE THIRD PLENUM OF THE PARTY ADVISORY COMMISSION, CALLED THE CENTRAL COMMITTEE'S RECENT DECISION TO REFORM THE ECONOMY A SIGNIFICANT DOCUMENT. HE EMPHASIZED THE IMPORTANCE OF BOLD PROMOTION OF MIDDLE-AGED AND YOUNG CADRES, SAYING DISCOVERY AND PROMOTION OF TALENT IS THE KEY TO THE GOAL. CHINA WOULD ADHERE TO THE POLICY OF OPENING TO THE OUTSIDE WORLD BOTH NOW AND IN THE FUTURE. TO CLOSE THE COUNTRY TO THE OUTSIDE WORLD, HE POINTED OUT, WOULD NEVER LEAD TO SUCCESS IN BUILDING SOCIALIST MODERNIZATION. (CHINA DAILY, OCTOBER 24)

4. HU YAOBANG ON OBSTACLES TO ECONOMIC REFORM.

DURING AN INSPECTION TOUR OF SHANDONG PROVINCE, PARTY SECRETARY GENERAL HU YAOBANG SAID THAT NEW AND COMPLICATED PROBLEMS WOULD EMERGE IN REFORMING THE EXISTING ECONOMIC SET-UP AND THAT OLD METHODS OF WORK WOULD NO LONGER BE APPLICABLE. HE WARNED THAT THE RESISTANCE TO REFORM MIGHT COME FROM THE CENTRAL AND LOCAL GOVERNMENT OFFICIALS WHO NEED TO "EMANCIPATE THEIR MINDS." (RENMIN RIBAO, OCT. 29)

5. JI CHONGWEI ON NUMBER OF AND POLICIES TOWARD JOINT VENTURES.

JI CHONGWEI, SECRETARY-GENERAL OF ECONOMIC RESEARCH CENTER OF THE STATE COUNCIL, SAID BY THE END OF JUNE, 1984, CHINA HAD SIGNED 3,000 CONTRACTS

E.O. 12356: N/A

TAGS: EGEN, CH

SUBJECT: CHINA ECONOMIC BRIEFS (NO. 1)

AND AGREEMENTS WITH FOREIGN INVESTORS TOTALLING USDOL 8 BILLION. THE CHINESE GOVERNMENT HAS APPROVED 360 JOINT VENTURES WITH DIRECT FOREIGN INVESTMENT OF USDOL 500 MILLION. CHINA WILL MAKE FURTHER EFFORTS IN PERFECTING LEGISLATION TO PROTECT THE INTERESTS OF FOREIGN INVESTORS, READJUSTING CERTAIN POLICIES LIKE SALES OF JOINT VENTURE PRODUCTS IN THE CHINA MARKET, SIMPLIFYING ADMINISTRATIVE PROCEDURES AND DRAFTING BETTER UNCLASSIFIED

PLANS TO AVOID DUPLICATION.(OUTLOOK NO. 43, 10-22-84)

6. CHEN MUHUA ON FOREIGN TRADE REFORM.

THE STATE COUNCIL APPROVED A REPORT BY THE MINISTRY OF FOREIGN ECONOMIC RELATIONS AND TRADE ON FOREIGN TRADE REFORM. ACCORDING TO THE REPORT, FOREIGN TRADE CORPORATIONS AT VARIOUS LEVELS WILL CONDUCT BUSINESS WITHOUT INTERFERENCE FROM ADMINISTRATIVE DEPARTMENTS. FOREIGN TRADE CORPORATIONS WILL ACT AS IMPORT AND EXPORT AGENTS FOR ENTERPRISES. UNDER THIS NEW SYSTEM, THE CORPORATIONS WILL HAVE TO WIN MORE EXPORT CONTRACTS ON BEHALF OF THEIR CLIENTS -- THE MANUFACTURERS -- WHO WILL PAY THEM A COMMISSION. THE SYSTEM IS DESIGNED TO COMBINE

UNCLASSIFIED

UNCLASSIFIED

84 5605363 SUR

PAGE 003
TOR: 021335Z NOV 84

NC 5605363

FOREIGN TRADE WITH INDUSTRIAL PRODUCTION AND TO
END PROCEDURES WHICH LED TO STOCKPILING, WASTE
AND CARELESS ACCOUNTING. (RENMIN RIBAO, OCT. 30)

7. CHINA'S BILATERAL INVESTMENT AGREEMENTS:
STATUS LIST.

CHINA HAS SIGNED BILATERAL INVESTMENT PROTECTION
AGREEMENTS WITH FOLLOWING COUNTRIES:

ROMANIA (2-10-82), SWEDEN (3-29-82), FRG (10-7-83),
FRANCE (5-30-84), BELGIUM-LUXEMBOURG (6-4-84),
FINLAND (9-4-84), NORWAY (9-4-84).

CHINA HAS EXCHANGED LETTERS ON INVESTMENT PROTEC-
TION WITH U.S.A. (10-30-80) AND CANADA (1-17-84).
UNCLASSIFIED

CHINA NOW IS CONDUCTING NEGOTIATIONS ON INVEST-
MENT PROTECTION WITH JAPAN, SWITZERLAND, U.S.A.,
HOLLAND, AUSTRIA, U.K. AND ITALY. (ECONOMIC
DAILY, 10-30-84)

8. NOTED CHINESE ECONOMIST XUE MUQIAO WAS HONORED
BY CHINESE STATE LEADERS AND ECONOMISTS AT A
BEIJING MEETING FOR HIS IMPORTANT CONTRIBUTIONS
IN THE FIELD OF ECONOMIC THEORY AND PRACTICE
IN THE PAST 50 YEARS. PREMIER ZHOU ZIYANG SENT
HIM A LETTER OF CONGRATULATION. (RENMIN RIBAO,
OCT. 29) HUMMEL
END OF MESSAGE

UNCLASSIFIED

UNCLASSIFIED